

NCUA LETTER TO FEDERAL CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314

DATE: January 2015 **LETTER NO.:** 15-FCU-01

TO: All Federal Credit Unions

SUBJ: Operating Fee Scale Reduced for 2015

ENCL: Operating Fee Schedule for 2015

Dear Board of Directors and Chief Executive Officer:

By a 2-1 vote, the NCUA Board has *decreased* the 2015 operating fee scale by 0.9 percent for federal credit unions with assets over \$1 million.

In so doing, a majority of the NCUA Board also extended the exemption for federal credit unions with assets of less than \$1 million. These smallest federal credit unions will not be charged any operating fee for a third consecutive year.

The 2015 operating fee schedule for *your* credit union is enclosed. The enclosed chart will help you calculate the exact dollar amount of your credit union's operating fee. The chart also references the web link to NCUA's online calculator, which can be found at <http://opfee.ncua.gov>.

The rest of this letter provides additional insight on the calculation method. If your credit union owes any operating fee, it will be **due by April 15, 2015**, as described below.

How is the operating fee calculated?

The two major factors that influence the 2015 operating fee rate change are the overhead transfer rate (OTR) and the growth of federal credit union assets.

NCUA uses the OTR each year to determine how much of the agency's operating budget is funded directly by the National Credit Union Share Insurance Fund. The OTR is calculated from the annual allocation of NCUA resources used for insurance-related functions. As the OTR increases, the operating fee collected from federal credit unions declines, and vice versa.

For 2015, the OTR increased from 69.2 percent to 71.8 percent, which is a direct result of NCUA devoting a greater proportion of examination time to risks to the National Credit Union Share Insurance Fund.

To preserve the relationship of the operating fee scale to federal credit unions within each asset tier, the asset range for each tier is adjusted by the projected growth of federal credit union assets. Based on projected federal credit union asset growth, the 2015 asset ranges are increasing by 3.8 percent. You will see the new asset ranges to the right of the adjusted fee rates on the enclosed chart.

The combination of the OTR increase and growth in federal credit union assets resulted in a *0.9 percent decrease* to the 2015 operating fee scale.

When will NCUA bill credit unions for the 2015 operating fee?

In March, federal credit unions with assets greater than \$1 million will receive an invoice for their 2015 operating fee.

At the same time, all federally insured credit unions will receive notice of any amount needed to adjust their Share Insurance Fund capitalization deposit to one percent of insured shares.

- Your operating fee will be based on assets reported as of December 31, 2014.
- Your capitalization deposit may adjust up or down based on the insured shares reported as of December 31, 2014.

When is the payment due to NCUA?

NCUA will combine your operating fee and capitalization deposit adjustment into a single payment that will be due **April 15, 2015**.

For federal credit unions signed up to pay via Pay.Gov, no further action is required. Payment will occur automatically on the due date.

Other federal credit unions will need to send payment according to the instructions included with the invoice.

If you have any questions regarding this letter, please contact NCUA's Office of the Chief Financial Officer at ocfomail@ncua.gov.

Sincerely,

/s/

Debbie Matz
Chairman

Enclosure

NCUA OPERATING FEE SCHEDULE FOR 2015

Your operating fee is based upon the total assets of your credit union as of December 31, 2014.

FOR NATURAL PERSON FEDERAL CREDIT UNIONS

If total assets are more than \$1,000,000, the operating fee assessment is:

0.00018284	on the first	\$1,217,346,609	of assets, plus
0.00005329	on the next	\$2,466,325,940	of assets, plus
0.00001779	on assets over	\$3,683,672,549	

Examples: A credit union with \$1,000,000 in total assets has an operating fee of: \$0.

A credit union with \$1,250,000 in total assets has an operating fee of:
 $(\$1,250,000 \times 0.00018284) = \228.55

A credit union with \$2,400,000,000 in assets has an operating fee of:
 $(\$1,217,346,609 \times 0.00018284) + ((\$2,400,000,000 - \$1,217,346,609) \times 0.00005329) = \$285,603.25$

A credit union with \$5,000,000,000 in total assets has an operating fee of:
 $(\$1,217,346,609 \times 0.00018284) + ((\$3,683,672,549 - \$1,217,346,609) \times 0.00005329) + ((\$5,000,000,000 - \$3,683,672,549) \times 0.00001779) = \$377,427.63$

FOR CORPORATE CREDIT UNIONS

If total assets are over	But not over -	The operating fee assessment is:
\$50,000,000	\$100,000,000	\$10,598.20 plus 0.0001987 of the total assets over \$50,000,000
\$100,000,000	no limit	\$20,533.20 plus 0.0000123 of the total assets over \$100,000,000

Operating Fee Calculator at <http://opfee.ncua.gov/>